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**UtahAmerican
Energy, Inc.**

UtahAmerican Energy Inc.
P.O. Box 187
St. Clairsville, OH 43950

Phone: 740-926-1351
FAX: 740-926-1615
email: CBorrell@CoalSource.com

July 14, 2001

Ms. Pamela Grubaugh-Littig
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

[Handwritten signature]
[Handwritten date: 7/16/01]

Dear Ms. Grubaugh-Littig:

Enclosed is a Surety Bond for One Million Five Hundred Fifty Six Thousand Dollars (\$1,556,000) for the Lila Canyon Mine project. The Surety Bond is issued by XL Specialty Insurance Company.

Please pass this Surety Bond to Mr. Lowell P. Braxton for signature and return a signed copy for our records.

If you have any questions, please call.

Sincerely,
UtahAmerican Energy, Inc.

[Handwritten signature of Clyde I. Borrell]

Clyde I. Borrell
President

Cc: Mr. Paul B. Piccolini

RECEIVED

JUL 16 2001

DIVISION OF
OIL, GAS AND MINING

XL SPECIALTY

AN XL CAPITAL COMPANY

UNLIMITED POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the XL SPECIALTY INSURANCE COMPANY, a corporation organized and existing by virtue of the laws of the State of Illinois ("Company" or "Corporation"), does hereby nominate, constitute and appoint: **Anthony J. Garbarini**, its true and lawful Attorney(s)-in-fact to make, execute, attest, seal and deliver for and on its behalf, as surety, and as its act and deed, where required, any and all bonds, undertakings, recognizances and written obligations in the nature thereof, the penal sum of no one of which is in any event to exceed **unlimited** as required by **Surety Obligees**.

Such bonds and undertakings, when duly executed by the aforesaid Attorney(s)-in-fact shall be binding upon the said Company as fully and to the same extent as if such bonds and undertakings were signed by the President and Secretary of the Company and sealed with its corporate seal.

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company on the 5th day of December, 1988:

"RESOLVED, That the President, or any Vice President of the Company or any person designated by any one of them is hereby authorized to execute Powers of Attorney qualifying the attorney named in the given Power of Attorney to execute in behalf of the Company, bonds, undertakings and all contracts of suretyship, and that any Secretary or any Assistant Secretary of the Company be, and that each or any of them hereby is authorized to attest the execution of any such Power of Attorney, and to attach thereto the Seal of the Company.

FURTHER RESOLVED, That the signature of such officers and the Seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be thereafter valid and binding upon the Company with respect to any bond, undertaking or contract of suretyship to which it is attached."

Bonds executed under this Power of Attorney may be executed under facsimile signature and seal pursuant to the following Resolution adopted by the Board of Directors of the Company on August 7, 1997.

"RESOLVED, That the signature of Stanley A. Galanski, as President of this Corporation, and the seal of this Corporation may be affixed or printed on any and all bonds, undertakings, recognizances, or other written obligations thereof, on any revocation of any Power of Attorney, or on any certificate relating thereto, by facsimile, and any Power of Attorney, any revocation of any Power of Attorney, bonds, undertakings, recognizances, certificate or other written obligation, bearing such facsimile signature or facsimile seal shall be valid and binding upon the Corporation."

IN WITNESS WHEREOF, the XL SPECIALTY INSURANCE COMPANY has caused its corporate seal to be hereunto affixed, and these presents to be signed by its duly authorized officers this 3rd day of January, 2000.

XL SPECIALTY INSURANCE COMPANY

Stanley A. Galanski

BY:

PRESIDENT



Attest:

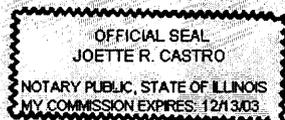
Ben M. Llaneta

SECRETARY

STATE OF ILLINOIS
COUNTY OF COOK

ss.

On this 3rd day of January, 2000, before me personally came Stanley A. Galanski to me known, who, being duly sworn, did depose and say: that he is President of the Corporation described in and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto by order and authority of the Board of Directors of said Company; and that he executed the said instrument by like order a



Joette R. Castro
NOTARY PUBLIC

STATE OF ILLINOIS
COUNTY OF COOK

ss.

I, Ben M. Llaneta, Secretary of the XL SPECIALTY INSURANCE COMPANY a corporation of the State of Illinois, do hereby certify that the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and that I have compared same with the original and that it is a correct transcript therefrom and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at the City of Schaumburg, this 12th day of July, 2001

SECRETARY



Ben M. Llaneta

XL SPECIALTY INSURANCE COMPANY
STATUTORY STATEMENT OF ADMITTED ASSETS, LIABILITIES, CAPITAL AND SURPLUS
DECEMBER 31, 2000

ASSETS:		LIABILITIES:	
INVESTMENTS		LOSS & LOSS ADJUSTMENT EXPENSE	83,194,823
BONDS	117,277,000	REINSURANCE PAYABLE	275,375
STOCKS	3,250,288	UNEARNED PREMIUM	8,764,663
SHORT TERM INVESTMENTS	<u>4,290,824</u>	FUNDS HELD UNDER REINSURANCE AGREEMENTS	56,461,615
TOTAL INVESTED ASSETS	<u>124,818,112</u>	OTHER LIABILITIES	<u>18,142,126</u>
CASH	60,243,792	TOTAL LIABILITIES	<u>166,838,602</u>
AGENTS BALANCES OR UNCOLLECTED PREMIUMS	27,501,659	CAPITAL AND SURPLUS:	
REINSURANCE RECOVERABLES	9,148,000	CAPITAL STOCK	3,100,000
ACCRUED INTEREST AND DIVIDENDS	2,030,447	PAID-IN SURPLUS	74,714,332
OTHER ADMITTED ASSETS	<u>10,197,721</u>	UNASSIGNED FUNDS	<u>(10,713,203)</u>
TOTAL ADMITTED ASSETS	<u>\$ 233,939,731</u>	TOTAL CAPITAL AND SURPLUS	<u>67,101,129</u>
		TOTAL LIABILITIES, CAPITAL AND SURPLUS	<u>\$ 233,939,731</u>

I, Marianne McKenna, Vice President, Finance of XL Specialty Insurance Company, ("the Company") do hereby certify that, to the best of my knowledge and belief, the foregoing is a full and true Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus of the Company as of December 31, 2000, prepared in conformity with the accounting practices prescribed or permitted by the Insurance Department of the State of Illinois. The foregoing should not be taken as a complete statement of financial condition of the Company. Such a statement is available upon written request at the Company's principal office located at 1450 East American Lane, 20th Floor, Schaumburg, IL 60173.



Marianne McKenna

 Vice President, Finance